



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: May 12, 2014

Approved

Date 5/20/14

SUBJECT: REPORT ON REQUEST FOR PROPOSAL FOR A UTILITY BILLING SYSTEM

RECOMMENDATIONS

Accept the report on the Request for Proposal ("RFP") for the purchase of a Utility Billing System and adopt a resolution authorizing the City Manager to:

1. Negotiate and execute an Agreement with Harris Local Government Solutions Inc., doing business as Advanced Utility Systems Corporation (Toronto, Ontario, Canada) for the purchase of a Utility Billing System to include software, installation, implementation, data migration, training and related professional services, taxes, maintenance and support, for an initial five year term ending June 2019, with a maximum compensation not-to-exceed \$2,236,875, subject to the appropriation of funds;
2. Execute change orders to cover any unanticipated changes or requirements in the system design and implementation not to exceed \$335,531 (15%) as may be required, subject to the appropriation of funds; and
3. Execute one-year options to extend the term of the Agreement to provide ongoing maintenance and technical support after the initial five year term, subject to the annual appropriation of funds.

OUTCOME

Provide the end-of-life transition from the current Integrated Billing System ("IBS") to a new Customer Information System ("CIS") to support utility billing and customer service for the four following programs: 1) Recycle Plus ("RP") Residential Garbage and Recycling, 2) Sanitary Sewer Services Charge ("SSSC"), 3) Storm Sewer Use Charge ("SSUC"), and 4) Municipal Water System ("MWS").

EXECUTIVE SUMMARY

This memorandum provides the City Council with a report on the RFP process. After a thorough and complete evaluation of eleven proposals from six different companies, staff recommends award of contract for the purchase and installation of a CIS for utility billing to Advanced Utility Systems Corporation ("Advanced"); which submitted the most advantageous proposal to the City. The proposed solution from Advanced will replace the current Integrated Billing System originally purchased from PeopleSoft which is at its end-of-life and product support is being sunset by Oracle who acquired PeopleSoft.

The total cost to implement the new CIS is \$2,236,875 under this Agreement inclusive of four years of ongoing maintenance support. In addition, it is estimated that an additional \$195,000 will be required for a separate purchase transaction of hardware and database software which includes \$50,000 of annual maintenance. The Information Technology Department Staff is currently evaluating the hardware and database software options (Oracle or SQL Server platform) for this project.

BACKGROUND

The current IBS was implemented in July 2006, and consists of a highly customized version of PeopleSoft Enterprise Revenue Manager (ERM) to bill for Recycle Plus, SSUC, SSSC and MWS. Oracle, which has subsequently acquired PeopleSoft, has provided notice that they will cease providing technical support and maintenance for this ERM product effective July 1, 2015.

In December 2012, Langham Consulting was retained under a consultant services agreement to assist in the development of specifications which were included in the Request for Proposal to procure a new system.

The Executive Steering Committee includes the directors of the Finance, Environmental Services and Information Technology departments. The purpose of the Steering Committee was to review the IBS replacement delivery options and recommendations. On January 15, 2013, City Council approved discontinuing the in-house service delivery Recycle Plus billing model and directed staff to continue evaluating two alternative service delivery options. Subsequently, on September 17, 2013, Council approved the Steering Committee recommendation to transfer the single family dwelling cart billings to the Santa Clara County ("County") Secured Property Tax Bill while the City retains billings for multi-family dwellings, mobile home parks and government accounts. After system implementation and stabilization staff will continue to evaluate ways to use the County Secured Property Tax Bill for multifamily dwellings and mobile home parks. This option was selected based on significant cost savings.

The new CIS must be completely installed and operational for a go-live deadline of July 1, 2015. This deadline is driven by the transfer of the single family dwelling cart garbage billing to the County for inclusion on the Secured Property Tax Bill.

Prior to issuing the RFP, an Implementation Team was created to oversee project progress, promote accountability and delineation of roles and responsibilities to ensure adequate support and commitment to this procurement. The Implementation Team consisted of representation from Finance, Environmental Services, and the Information Technology Departments on five subcommittees: 1) Evaluation Committee, 2) Advisory Team with subject matter experts, 3) Purchasing, 4) Technical Team, and 5) Steering Committee.

ANALYSIS

In October, 2013, the Finance Department released a RFP for a CIS Software Solution/Utility Billing System through the City's e-procurement system. The RFP allowed proposals for on-premises or hosted solutions. The RFP consisted of two packages: Package A for RecyclePlus, Sanitary Sewer & Storm Sewer, and Package B for Municipal Water. Proposers were allowed to bid on either or both packages. Each package was evaluated and scored independently. A total of 129 companies viewed the RFP, and eleven proposals were received from six companies by the December 11, 2013 deadline as summarized in Table 1 below.

Table 1

<u>Name of Company</u>	<u>RecyclePlus, SSSC & SSUC (Package A)</u>	<u>Muni Water (Package B)</u>
Advanced Utility Systems (Toronto, Ontario)	Yes (on-premise)	Yes (on-premise)
NorthStar (Ottawa, Ontario)	N/A	Yes (on-premise)
Starnik Systems (Lubbock, TX)	Yes (on-premise)	Yes (on-premise)
Systems & Software (Williston, VT)	Yes (on-premise)	Yes (on-premise)
Utegration (Houston, TX)	Yes (on-premise)	Yes (on-premise)
Vertex (Richardson, TX)	Yes (hosted)	Yes (hosted)

The RFP evaluation process consisted of four phases with only the highest scoring proposals advancing to the next phase. After each phase the scores from the previous phase would be converted to the new weight for each subsequent phase. The evaluation criteria and respective weights for each phase are summarized in Table 2 below:

Table 2

<u>Criteria</u>		Weight by Phase			
		<u>Phase 1</u>	<u>Phase 2</u>	<u>Phase 3</u>	<u>Phase 4</u>
Minimum Qualifications	Pass/Fail				
Experience		85%	40%	20%	20%
Technical Capabilities			45%	20%	20%
Oral/ Solution Demonstration				45%	20%
Cost					25%
One Solution for both RFPs		5%	5%	5%	5%
Local Business Preference		5%	5%	5%	5%
Small Business Preference		5%	5%	5%	5%
TOTAL		100%	100%	100%	100%

The RFP allowed awards for two solutions in the event that a single solution could not satisfy the requirements for all four billing programs. However, the City's preference was to have one solution and five points was reserved for a single solution that met the requirements of both business areas (RecyclePlus/SSSC/SSUC and MWS).

Separate teams were formed to evaluate each RFP package described above. Proposals were independently evaluated and scored by each team member and then the proposals and scores were discussed only in a group setting.

Phase 1: Experience Evaluation: Proposer experience including number of years providing CIS for utility billing, quality of references, staff qualifications, and project approach were considered. Based on the scores, two of the six proposers (Starnik Systems and Utegration) were eliminated from further consideration.

Phase 2: Technical Evaluation: The remaining four proposals were evaluated consisting of a thorough review of each company's technical proposal for management approach and technical capabilities that included criteria such as: customer service, field activities and meter reading, payments, billing, collection processing, accounting, reporting/queries, implementation, data conversion/migration, training, testing and final acceptance, technical support/maintenance, system security. Phase 2 scores were very close and all four proposers were invited to the oral presentation and product demonstration phase.

Phase 3: Oral Presentation & Product Demonstration: Proposers were required to provide an all-day presentation and product demonstration of their solution. Proposers were given a detailed script to follow to address and present/demonstrate corporate overview, product functional overview, customer service, billing, payment processing, collection processing, accounting, field activities and meters, reporting & queries, technical overview and implementation approach and services overview. During this phase, key stakeholders including representatives from Finance, Environmental Services, and Information Technology departments were invited to participate and observe the product demonstrations and provide feedback to the evaluation team.

Subsequent to the presentations, Staff requested clarifications from Proposers as required. At the conclusion of Phase 3, two additional proposers (Vertex and NorthStar) were eliminated from further consideration.

Phase 4: Cost: Proposers were required to submit a comprehensive cost proposal that included all required software and related professional services for project management, configuration, installation, interfaces, implementation, testing, training, initial warranty, and five years of maintenance and support. Pricing for the combined package total cost of ownership over five years for the two finalists ranged from \$2,077,000 (Advanced) to \$3,776,430 (Systems & Software).

The final scores are summarized in Table 3 below:

Table 3

<u>Phase 4: Evaluation Category</u>	<u>Max Points</u>	<u>PACKAGE A: (RecyclePlus, SSSC & SSUC)</u>		<u>PACKAGE B: (Muni Water)</u>	
		<u>Systems & Software</u>	<u>Advanced Utility Systems</u>	<u>Systems & Software</u>	<u>Advanced Utility Systems</u>
Experience	20	15	15	16	16
Technical	20	10	13	12	12
Oral/Demo	20	12	14	12	14
Cost	25	14	25	14	25
Solution for Both Packages	5	5	5	5	5
Local Business Preference	5	0	0	0	0
Small Business Preference	5	0	0	0	0
Total	100	56	72	59	72

Protest Period: The RFP process included a ten-day protest period that commenced when Proposers received the City's Notice of Intended Award on March 27, 2014. No protests were received.

Local and Small Business Preference: In accordance with City policy, ten percent of the total evaluation points were reserved for local and small business preference. None of the Proposers requested consideration for the preference; therefore, the preference was not a factor in the final outcome.

Award Recommendation: Staff recommends the award of contract to Advanced. The evaluation team unanimously agreed that their proposed solution is the most advantageous and the best value to the City. The Advanced proposal scored highest overall; meeting or exceeding all of the RFP specifications, and their solution was found to be superior in the following key areas:

May 12, 2014

Subject: Report on RFP for a Utility Billing System

Page 6

- Extensive experience and expertise in the development, installation and support of large CIS. Track record of successful implementations (see below), reliability of installed systems and superior customer service as validated through reference checks.
- Overall ease of use in the field and at the management server.
- A highly configurable solution that will facilitate workflow configuration (without costly customization) to improve efficiency by eliminating duplicate processes and redundant entry.
- A robust project management approach. It included an extensive training approach and a comprehensive review of interfaces.
- Most competitive pricing including all required interfaces to other City applications.

References were checked with the City of Santa Rosa (California), Park Water Company (California), and City Water, Light & Power (Illinois). The references checked very positive.

Summary of Agreement: Staff is requesting authority to negotiate and execute an Agreement with Advanced that will include fixed pricing for software licenses, professional services for implementation, integration, training, and maintenance. The Agreement will also include a detailed statement of work defining all deliverables, a compensation schedule with payments tied to the successful completion of key project milestones including a 15% withhold of the services contract amount to be paid upon City's final acceptance. The cost for additional support and maintenance after the initial five year term has a 3% cap per year, subject to the annual appropriation of funds.

EVALUATION AND FOLLOW-UP

This memorandum will not require any follow-up from staff.

POLICY ALTERNATIVES

On September 17, 2013 (item 3.5), City Council approved the "Recycle Plus Billing and Customer Service Delivery Strategy" to collect Recycle Plus payments for garbage and recycling services for all single family residential households through the Santa Clara County Secured Property Tax Bill. The various delivery options to replace the current in-house service model were detailed and considered in at that time and are summarized below:

- Option 1: Hauler Billing (rejected)
- Option 2: Hybrid Hauler/Secured Property Tax Billing (rejected)
- Option 2A: Secured Property Tax Billing (recommended and approved)

PUBLIC OUTREACH/INTEREST

- ☒ **Criterion 1:** Requires Council action on the use of public funds equal to \$1,000,000 or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1: Requires Council action on the use of public funds equal to \$1,000,000 or greater. This memorandum will be posted on the City's website for the June 3, 2014 City Council agenda.

COORDINATION

This memorandum has been coordinated with the Environmental Services Department, Information Technology Department, City's Manager's Budget Office and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This action is consistent with the following General Budget Principles "We must focus on protecting our vital core city services for both the short- and long-term" and "We must continue to streamline, innovate, and simplify our operations so that we can deliver services at a higher quality level, with better flexibility, at a lower cost" and the Strategic Initiative "Make San José a Tech-Savvy City; lead the way in using technology to improve daily life."

COST SUMMARY/IMPLICATIONS

The following outlines the elements of the contract.

	<u>Breakdown</u>	<u>Total</u>
1. AMOUNT OF RECOMMENDATION (5 year term):		\$2,236,875
2. COST ELEMENTS:		
Year 1 (16 months) Implementation (12 + 4 months post go-live)		
- Software	\$385,000	
- Professional Services	1,162,000	
- Miscellaneous Expenses (i.e., travel)	223,125	
- Year 1 – Technical Maintenance & Support (60 users)	96,250	
	Implementation subtotal	\$1,866,375
Modifications		
- Modification #1, Hauler Interface (190 hrs x \$175/hr)	\$33,250	
- Modification #2, Collection Agency Commission (25 hrs x \$175/hr)	4,375	
- Modification #3, Consolidated Account View (70 hrs x \$175/hr)	12,250	
- Modification #4, Dual Meter Relationship (30 hrs, waived/ no charge)	0	
- Modification #5, Backflow Device Meter Linking (75 hrs x \$175/hr)	13,125	
	Modifications subtotal	\$63,000
Annual Maintenance (40 users)	\$76,875	
	Maintenance (4 years) subtotal	\$307,500
	Total	\$2,236,875
Contingency (@ 15% of total)		\$335,531
	GRAND TOTAL	\$2,572,406

3. SOURCE OF FUNDING: Various, see below

4. FISCAL IMPACT: After the initial five year term, ongoing maintenance and technical support service cost is estimated at \$76,875 per year with any future maintenance renewal cost adjustments capped at 3% annually. In addition, related but separate projects are summarized below:

- The City will host the software solution on City purchased hardware, database software and virtual desktop, estimated at \$145,000, and the incremental maintenance of \$50,000 under separate purchase contract.
- The Langham Consulting Agreement with a not-to-exceed amount of \$1,100,000 is scheduled to go to Council on May 20, 2014 to provide project management services for the implementation of this Agreement as well as other projects. The estimated amount of the Agreement for the CIS implementation is \$740,000.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	Amount for Contract	2013-2014 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
423	TBD	Integrated Billing Transition	\$2,000,000	\$1,054,686	XI-53	6/18/2013, Ord 29271
446	TBD	Integrated Billing Transition	1,000,000	437,309	XI-93	6/18/2013, Ord 29271
515	TBD	Integrated Billing Transition	750,000	463,034	XI-99	6/18/2013, Ord 29271
541	TBD	Integrated Billing Transition	1,100,000	617,377	XI-89	6/18/2013, Ord 29271
Total			\$4,850,000	\$2,572,406		

A separate action will be brought forward as part of the 2014-2015 Budget process to appropriate the funds for this project.

CEQA

Not a Project, File No. PP10-066 (a) Agreements and Contracts.

/s/
JULIA H. COOPER
Director of Finance

For questions, please contact Mark Giovannetti, Deputy Director, Finance at (408) 535-7052.